

FILED

Date _____

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Comm. Amdt. _____

Amendment No. 10 to HB2354

**Hill
Signature of Sponsor**

AMEND Senate Bill No. 2326

House Bill No. 2354*

By deleting all of the language after the enacting clause and by substituting instead the following:

SECTION 1. Tennessee Code Annotated, Section 67-4-1004(a), is amended by deleting the language "ten (10) mills" and by substituting instead the language "one and one-half cents (1 1/2¢)".

SECTION 2. Tennessee Code Annotated, Section 67-4-1004, is amended by deleting subsection (c) and substituting instead the following:

(c) Any wholesale dealers, jobbers, tobacco distributors, and retail dealers having cigarette tax stamps, affixed and unaffixed, in their possession on July 1, 2007, shall not be required to pay the additional cigarette tax on such stamps resulting from the increase in the tax rate from ten (10) mills to one and one-half cents (1 1/2¢) on cigarettes bearing such stamps.

SECTION 3. Tennessee Code Annotated, Section 67-4-1025, is amended by adding the following language as a new subsection (d):

(d)

(1) Notwithstanding any provision of this act to the contrary, all cigarette tax revenue generated from the increase in the tax rate levied by the provisions of this act shall be deposited in the "Grocery Sales Tax Reduction Fund".

(2) There is created a special account in the general fund to be known as the "Food Tax Relief Tax Reduction Fund". Funds in the Food Tax Relief Tax Reduction Fund shall not revert to the general fund at the end of any fiscal year and shall be invested in the same manner as all

other funds in the general fund are invested. Any revenue generated from investment of funds in the Food Tax Relief Tax Reduction Fund shall be deposited into the Food Tax Relief Tax Reduction Fund. Funds in the Food Tax Relief Tax Reduction Fund shall only be appropriated and expended to hold harmless state and local governments from revenue losses incurred as a result of reductions in the sales and use tax on food.

SECTION 4. This act shall take effect on July 1, 2007, the public welfare requiring it.